

Maryland Higher Education Commission

Finance Policy Committee Meeting Agenda

1:30 P.M.

Thursday, August 8, 2002

Maryland Higher Education Commission

839 Bestgate Road, Suite 400

Annapolis, MD 21401

MARYLAND HIGHER EDUCATION COMMISSION

John J. Oliver, Jr., Chairman

Dorothy Dixon Chaney

Edward O. Clarke, Jr.

Anne Osborn Emery

George S. Malouf, Jr.

David S. Oros

Tawan Perry

Donald J. Slowinski, Sr.

Richard P. Streett, Jr.

Mario VillaSanta

Karen R. Johnson, J.D.
Secretary of Higher Education

**MARYLAND HIGHER EDUCATION COMMISSION
FINANCE POLICY**

Richard P. Streett, Jr., Chair

Donald J. Slowinski, Sr., Vice Chair

George S. Malouf, Jr.

David S. Oros

Tawan Perry

**Janice B. Doyle
Assistant Secretary for Finance Policy**

**MARYLAND HIGHER EDUCATION COMMISSION
FINANCE POLICY COMMITTEE**

AGENDA

TIME: 1:30
Thursday
August 8, 2002

PLACE: 839 Bestgate Road
Suite 400
Annapolis, Maryland

	<u>Page</u>	<u>Action Item</u>
Call to Order		
Approval of the May 9, 2002 Minutes	1	*
Funding Guideline Modification for the University of Baltimore ..	7	*
Guideline Revisions for the Community Colleges' Innovative Partnerships for Technology Program	9	*
Guideline Revisions for the Private Donation Incentive Program..	43	*

<p>The Maryland Higher Education Commission is committed to ensuring that individuals with disabilities are able to fully participate in and benefit from the Commission's public meetings, programs, and services. Anyone planning to attend a meeting of the Commission who wishes to receive auxiliary aids, services, or accommodations should contact Susan Taylor at 410-260-4539 or 1-800-735-2258 (TTY/Voice) by Thursday, August 1, 2002.</p>

MARYLAND HIGHER EDUCATION COMMISSION

**16 Francis Street
Annapolis, Maryland 21401**

Finance Policy Committee

Minutes of Meeting

May 9, 2002

The Finance Policy Committee met on Thursday, May 9, at the Anne Arundel Community College, 101 College Parkway, Arnold, Maryland. Commission members present were: Dr. Richard P. Streett; Chair, Dr. George Malouf, and Dr. Donald Slowinski.

Staff members present were: Karen R. Johnson, Secretary; Janice Doyle, Assistant Secretary; Dr. John Sabatini, Assistant Secretary; Pace McConkie, Andrea Hunt, Monica Randall, Geoffrey Newman, David Beard, Cathy Tidwell, Jody Sprinkle, and Susan Taylor.

CALL TO ORDER

Richard P. Streett, Jr. called the meeting to order at 1:32 p.m.

APPROVAL OF MINUTES

The minutes for the October 11, 2001 Finance Policy Committee meeting were approved as submitted with one correction. On page 3 in the Finance Policy Committee Meeting Agenda, under Aid to the Independent Institutions, a change was made to the third sentence to say: "Dr. J. Elizabeth Garraway, President of the Maryland Independent College and University Association, expressed concern about the impact of including **two more institutions in the formula.**"

FY 2003 CAPITAL BUDGET PRIORITIES

David Beard, Finance Policy Analyst, reviewed the capital budget priorities for FY 2004. The capital budget priorities for FY 2004 remain unchanged from last year's priorities. These priorities will guide Commission staff in the evaluation of the FY 2004 capital budget requests and ultimately the Commission's annual capital budget recommendations to the Governor. Commissioner Streett asked those in attendance if there were any questions.

Kay Bienen, of the Maryland Association of Community Colleges, asked about the change in the priority ranking of the Continuing Education Facilities in recent years when there seems to be a substantial and continuing need for job training. After some discussion, it was agreed that the Commission staff would investigate this matter further.

Commissioner Slowinski moved to approve the capital budget priorities for FY 2004. The motion was seconded and carried. The Committee agreed to take this recommendation to the full Commission meeting in June.

NAME CHANGE FOR THE STATE SCHOLARSHIP ADMINISTRATION

Janice Doyle, Assistant Secretary for Finance Policy, reported that Senate Bill 453, which passed during the 2002 Legislative Session, was a comprehensive bill that included a number of revisions to the scholarship programs. These revisions were initiated by the Task Force for College Readiness. One of the items that was included in the bill was changing the name of the State Scholarship Administration to the Office of Student Financial Assistance. The Task Force Committee thought that the current name gave the impression that the programs offered are primarily based on merit; when in fact, many of the programs are based on need.

By vote, the Committee agreed to recommend that the name change in the guidelines for all State grant and scholarships.

GUIDELINES FOR STUDENT FINANCIAL ASSISTANCE PROGRAMS

Janice Doyle reviewed the proposed changes to the Guidelines for the General Rules and Definitions for the Student Financial Assistance Programs. House Bill 399, which also passed during the 2002 session, allows a student to hold any State grant or scholarship issued under Title 18 with any other issued under this title as long as the funds do not exceed the total cost of education and annual expenses of a full-time resident at a four-year public institution within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore.

The Committee agreed to forward the recommendation to approve the guideline changes to the Commission. Commissioner Malouf moved to approve and Commissioner Slowinski seconded the motion. The motion carried unanimously.

GUIDELINES FOR THE JANET L. HOFFMAN LOAN ASSISTANCE REPAYMENT PROGRAM

Janice Doyle reported that changes to the Janet L. Hoffman Loan Assistance Repayment Program (LARP) guidelines would establish a pilot program to provide an early

notification of LARP awards to encourage students in their third year of law school to consider accepting lower paying positions in the public sector in which there is a shortage of qualified practitioners.

Under the current guidelines for the program, individuals must apply for an award after they have graduated and obtained full-time employment with an eligible employer. Based on information provided by the staff and students of Maryland law schools, students are often recruited by employers while in their third year of law school.

Ms. Doyle clarified that these changes would not increase the number of law students receiving the award. Instead the changes would allow early award commitments to be made for five law students. This would be a pilot program to see if the timing of awards helps students decide what type of position they want to accept. If the program is found to be successful then the Commission would consider making it available to other LARP applicants.

The Committee expressed their support of the changes to the Loan Assistance Repayment Program. Commissioner Malouf moved to support the changes and Commissioner Slowinski seconded the motion. The motion carried unanimously.

GUIDELINES FOR THE MARYLAND HOPE SCHOLARSHIP, THE MARYLAND TEACHER SCHOLARSHIP, AND THE SCIENCE AND TECHNOLOGY SCHOLARSHIP PROGRAMS

Janice Doyle reviewed the guidelines changes for the Maryland Hope Scholarship Programs. House Bill 316 modified the methodology for calculating grade point averages for students. The new method uses the student's overall GPA eliminating the re-calculation of the GPA considering only core curriculum subjects. Additionally, Senate Bill 734 changed the eligibility of the Maryland Teacher Scholarship to include part-time undergraduate students.

Karen Price of the Community College of Baltimore County, Essex Campus, asked about the service obligation of part-time students who receive the Hope Scholarship. Ms Doyle stated that there will not be a distinction in the required service obligation for part-time versus full-time students. She added that there is a limit to the number of years any student can receive this award.

Ms. Doyle asked the Commissioners to approve the changes made to these guidelines and forward their recommendation to the full Commission at the June 12th meeting. Commissioner Slowinski moved to approve the revised guidelines. Commissioner Malouf seconded the motion, which carried unanimously.

GUIDELINES FOR THE EDWARD T. CONROY MEMORIAL SCHOLARSHIP PROGRAM

Revised guidelines were provided to the Committee for the Edward T. Conroy Scholarship Program that reflects the changes established in House Bill 330. These changes expand the eligibility of the Conroy Scholarship to include the sons and daughters and surviving spouses of persons killed as a result of the terrorist attacks on the World Trade Center in New York, the Pentagon in Washington, D.C., and the downing of United Airlines flight 93 on September 11, 2001.

In addition to these changes, House Bill 399 revised the eligibility criteria for veterans who suffer a service related disability from a 50 percent disability to a 25 percent disability.

The Committee voted unanimously to recommend these changes to the full Commission in June.

GUIDELINES FOR THE DEVELOPMENTAL DISABILITIES AND MENTAL HEALTH WORKFORCE TUITION ASSISTANCE PROGRAM

Janice Doyle reported that Senate Bill 174 revised the tuition assistance program to allow recipients to fulfill their service obligation by not only working for non-profit organizations but for for-profit, as well. In addition, recipients will be allowed to take courses in the summer to meet the annual 12 credit hour requirement. This change allows for more flexibility for students who often hold full-time jobs.

Commissioner Malouf moved in favor of recommending these guideline changes. The motion was seconded by Commissioner Slowinski and carried unanimously.

GUIDELINES FOR THE EDUCATIONAL EXCELLENCE AWARD PROGRAM

Ms. Doyle stated under the Educational Excellence Award program, Senate Bill 453 established a decentralized Educational Assistance program allowing some funds to be given to the institutions to award to students who have missed the March 1st deadline. This will be used as a pilot program to help Pell eligible students who applied for help later in the normal process for financial aid. Ms. Doyle pointed out that the institutions will be required to inform the State Scholarship Administration which students will be receiving these funds so that these students can be given priority for funding the following year.

Commissioner Streett opened the floor for questions and discussions.

Melissa Gregory from Montgomery College, who was speaking for the Community College Financial Aid Directors, addressed the Committee. She reported that the community colleges are concerned that the cost of attendance budget allowance for commuter students has not changed in years. They would like to see a solution to this situation, both short-term and long-term. Short-term, they would like to see some adjustment made immediately for at least this decentralized program and long-term, they would like to have surveys administered.

Ms. Doyle agreed that it had been 10 years since the cost of attendance budget allowance for these students had been modified and she recognized that these numbers are low. She stated that a better process must be established to keep these figures current in the future and that in the long-term, a survey must be done to determine the appropriate standard allowances. However, to be responsive to this immediate situation, she asked the Committee to consider a recommendation to modify the standard budget allowances at this time. Based on changes in the Consumer Price Index since 1992, Ms. Doyle would like to increase the allowance for students living with parents from \$2,500 to \$3,200. For students living off-campus the allowance should increase from \$4,000 to \$5,100.

The Committee approved the recommendations, agreeing to take the matter to the full Commission meeting in June. The motion was made by Commissioner Malouf, seconded by Commissioner Slowinski, and the vote carried the motion unanimously.

GUIDELINES FOR THE GRADUATE AND PROFESSIONAL SCHOLARSHIP PROGRAM

Janice Doyle reviewed the guidelines for the Graduate and Professional Scholarship Program. Senate Bill 453 established the program for students at certain institutions in fields of medicine, veterinary medicine, dentistry, law, pharmacy, social work, and nursing to students with financial need. The legislation includes a minimum \$1,000 and a maximum \$5,000 award amount and establishes a decentralized campus-based program.

Cissy VanSickle of the University of Maryland, Baltimore, expressed her appreciation to the Commission and what they have done to recognize the plight of the graduate students and the amount of debt they incur. This program provides the flexibility to assist these students.

Commissioner Slowinski moved to approve the Guidelines for the Graduate and Professional Scholarship program. Commissioner Malouf seconded the motion. The recommendation was approved unanimously.

ADJOURNMENT

The Finance Policy meeting adjourned at 2:05 p.m.



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Chairman

Karen R. Johnson
Secretary of Higher Education

MEMORANDUM

DATE: August 8, 2002

TO: Finance Policy Committee

FROM: Karen R. Johnson, J.D.

STAFF: Monica E. Randall
Geoff Newman

SUBJECT: Funding Guideline Modification for the University of Baltimore

In 1999, the Maryland Higher Education Commission developed operating funding guidelines for the public four-year higher education institutions. The basic concept of the funding guidelines is to identify peer institutions that are similar to the Maryland institution in size, program mix, enrollment composition, and other defining characteristics. After identifying a current set of peers, the financial characteristics of the peer institutions are analyzed to determine the resources available per full-time equivalent student (FTES). The overall goal is to fund Maryland's institutions at the 75th percentile of their current peer institutions.

In 2001, the Commission staff, in consultation with representatives from the University System of Maryland (USM), the Department of Legislative Services, the Department of Budget and Management, and Morgan State University, reviewed the funding guidelines process and established criteria for making adjustments to an institution's peer group that is not in the normal established cycle. It was determined that an institution may appeal to the Commission for modifications to its funding peer group if it believes circumstances warrant a change.

The University System of Maryland submitted a proposal to modify the funding guideline for the University of Baltimore (UB). During the development of the original guideline in 1999, UB was granted an exception in the adjusted full-time equivalent enrollment calculation due to the unique composition of its student body. The original guideline weighted enrollments at UB and its funding peers to reflect the higher costs associated with educating upper division students. The weightings were as follows: 1.0 for lower division undergraduate students; 1.5 for upper division undergraduate students; and 1.8 for all graduate and first professional students. This framework compensated for fewer undergraduate students and low cost programs at UB.

The proposal is to change the weighting of all undergraduate students to 1.0. This modification is required due to a change in the Integrated Postsecondary Data Systems (IPEDS) data collection. Beginning with data from the 2000 enrollment survey, IPEDS no longer collects enrollment data by lower and upper division for undergraduate students. Therefore, it will not be possible to assign weights to upper and lower division students for UB's peers.

MARYLAND HIGHER EDUCATION COMMISSION

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This method is consistent with all other USM institutions. The weighting of both the graduate and first professional students will remain at 1.8 which are based on the full instructional cost ratios per credit hour as reported in national studies (e.g., *The Journal of Education Finance*). The new enrollment calculation will be used in the fiscal 2004 operating budget cycle.

To summarize, the proposal is as follows:

- The adjusted full-time equivalent student enrollment (full-time students + 1/3 part-time students) is weighted as follows:

All undergraduate students = 1.0

Graduate students = 1.8

First professional students = 1.8

Impact of Proposal on University of Baltimore's Funding Guideline

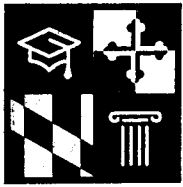
The table below compares the impact of this proposal on the university's fiscal 2004 funding guideline.

Table 1. Impact on University of Baltimore's Funding Guideline

	Original Method		Proposal	
Funding per FTES ¹	\$	10,184	\$	12,202
FY 2004 enrollment		5,524		4,898
Total Need	\$	56,256,416	\$	59,765,396
Estimated FY 04 tuition/fee revenue		(28,500,000)		(28,500,000)
FY 2004 Funding Guideline		27,756,416		31,265,396
FY 2003 Appropriation as a percent of funding guideline		88%		79%
Funding Guideline per AFTES	\$	5,025	\$	6,383

¹The unrestricted state and tuition/fee revenue per full-time equivalent student.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve the funding guideline modification for the University of Baltimore and forward this recommendation to the Commission.



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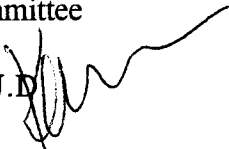
John J. Oliver, Jr.
Chairman

Karen R. Johnson
Secretary of Higher Education

MEMORANDUM

DATE: August 8, 2002

TO: Finance Policy Committee

FROM: Karen R. Johnson, J.D.  **Staff:** Monica E. Randall

SUBJECT: Guideline Revisions for the Community Colleges' Innovative Partnerships for Technology Program

The Innovative Partnerships for Technology Program (IPT) provides State-matching funds for donations from the private sector or public foundations for technology needs of eligible community colleges. During the 2002 Maryland Legislative Session, the General Assembly passed legislation, which extends the eligibility period for four additional fiscal years and changed the maximum State match amount. Under the new legislation, the State has agreed to match a maximum of \$300,000, which is broken down into two \$150,000 increments over a four-year period (FY 2003 to FY 2006) for each community college.

In May 2002, the Department of Budget and Management (DBM) completed an audit of the Innovative Partnerships for Technology Program. Based on this audit, the Commission will now require all community colleges to submit certification by an independent auditor. The independent auditor must certify that eligible donations were earmarked for technology use and that State matching payments have been used solely for technology purposes. The auditor's signature on the certification form will act as proof that these verifications were performed.

The attached guidelines reflect the legislation passed by the 2002 Maryland General Assembly and the recommendations made by the Department of Budget and Management.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve the guideline revisions for the Community Colleges' Innovative Partnerships for Technology Program and forward this recommendation to the Commission.

**GUIDELINES FOR THE COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIPS FOR
TECHNOLOGY PROGRAM**

DIVISION OF FINANCE POLICY

**John J. Oliver, Jr.
Chair**

**Karen R. Johnson, J.D.
Secretary**

**Approved: November 10, 1998
Revised: August 2002**

GUIDELINES FOR THE COMMUNITY COLLEGES' INNOVATIVE PARTNERSHIPS FOR TECHNOLOGY PROGRAM (IPT)

I. Authority

Innovative Partnerships for Technology Program was enacted into law by the Maryland General Assembly, (Annotated Code of Maryland-Education Article Section 16-317) in 2001. (See Appendix A)

II. Purpose

To provide state-matching funds for donations from the private sector or public foundations for the technology needs of eligible institutions (community college campuses). The State will match an amount up to a maximum of ~~\$400,000~~ \$300,000 (dollar for dollar) per eligible institution to donations from eligible donors

III. Program Definitions

A. Eligible Program

Eligible program means any contribution for technology, which does not contain unreasonable restrictions as to use as defined by the Maryland Higher Education Commission.

B. "Technology"

Technology is defined in the law (Education Article, 16-317 (A)(9), Annotated Code of Maryland) to mean any hardware, software, communications infrastructure, and associated training and contracted services that enable local or global presentation, exchange, and transmission of information in digital or analog form for teaching, learning, student support services, and administration. The definition of technology includes capital expenditures but does not include staff.

C. Eligible Institutions and Sums

Eligible institutions are the community college campuses enumerated by law and do not include the colleges' affiliated foundations. Designated eligible institutions (community college campuses) that raise contributions up to a maximum of ~~\$200,000~~ \$150,000 in the first eligible period (FY ~~1999~~2003 - FY ~~2000~~2004) in monies and/or equipment from eligible donors above donations received during the base year period (Fiscal Year

~~1998~~2002, July 1, ~~1997~~2001 - June 30, ~~1998~~2002) specifically for technology will have that amount matched in whole contingent upon the availability of state funds.

~~VERY IMPORTANT NOTE:~~ Please note:— Only if an eligible institution receives voluntary donations of ~~\$200,000~~\$150,000 during the first eligible period, will they then qualify to participate in the second eligible period.

The same eligible institutions (community college campuses) are also eligible to raise contributions, for state match purposes, up to ~~\$200,000~~\$150,000 for technology in a second eligible period (FY ~~2001~~2005- FY ~~2002~~2006) following the same guidelines as the first eligible period.

D. Eligible Donors

Eligible donor means any individual, corporation, partnership, organization, or other form of business organization, public or private foundation, or other nonprofit organization which makes a contribution that is an increase over the amount contributed by the donor during the base year, or a contribution made by a new donor during one or both of the eligible periods. Eligible donor may include a community college's affiliated foundation. Eligible donor does not include a local government, the State, the federal government, or any foreign government.

E. Eligible Contribution

An eligible contribution is any monetary or equipment donation specifically designated to benefit one or several eligible institutions received during one or both of the following periods: fiscal years ~~1999~~2003 and ~~2000~~2004; and fiscal years ~~2001~~2005 and ~~2002~~2006 that exceeds the base year (~~FY98~~)(FY 2002) donation.

The eligible contribution must be clearly designated for technology by the donor. Equipment donations must be assessed a fair market monetary value amount.

IV. Program Components

A. Base Year

Fiscal Year ~~1998~~2002 (July 1, ~~1997~~2001 - June 30, ~~1998~~2002) is the "base year" for comparing eligible donors and donations to the eligible institution during the eligible years when match funds are requested. The base year comparison should not include contributions made to an eligible institution during the base year by an eligible donor pursuant to legal or contractual obligations of the donor, including contributions from a community college's affiliated foundation for identified scholarship programs.

B. Eligible Periods

The first eligible period is FY 2003 (July 1, ~~1998~~2002 - June 30, ~~2000~~2003); and FY ~~1999~~2004 (July 1, ~~1998~~2003 - June 30, ~~1999~~2004).

The second eligible period is FY 2005 (July 1, ~~2000~~2004 - June 30, ~~2002~~2005; and FY ~~2001~~2006 (July 1, ~~2000~~2005 - June 30, ~~2001~~2006).

V. Record Keeping, Auditing, and Reporting Requirements

A. Record Keeping and Auditing Requirements

1. Eligible institutions must keep a separately identified account of donations received. Additionally, the administrations of eligible institutions should maintain records in support of all reports and claims filed for matching state payments.
2. Eligible institutions shall prepare and maintain a comprehensive list of the donations received and pledged amounts for the base year period of July 1, ~~1997~~2001 through June 30, ~~1998~~2002 (FY 2002). Please take note that the donor's names should be clearly delineated to avoid any ambiguities or conflicts. (i.e. John and Mary Smith instead of Mr. and Mrs. Smith). The listing of base year donations should be audited.
3. Eligible institutions receiving State payments under this program shall provide the Maryland Higher Education Commission one copy of its community college annual fiscal year audit and management report within 90 days of the close of each fiscal year. If a community college currently provides the Commission (Division of Finance Policy) with a copy of the annual audit and management report, it is not necessary to submit a second copy.
4. Examples of satisfactory documentation that a donation was for an eligible technology program includes but is not limited to: deeds of gifts; bequests; testamentary instruments; individual letters from donors or their designees; membership or alumni solicitation mailings; newsletters; public notices regarding contributions; event admission fees; posters or other publicity for fundraising events; scripts for telethons or for radio, television or telephone solicitations; or other written documentation that is retained by the receiving institution and provides positive evidence of the donor's intent.
5. Eligible institutions should maintain a record of the use of all donations, private and state matching funds, received for the technology program.

6. Eligible institutions are required to have an "independent auditor" certification form assuring that all monies, the donor's and matching State funds, are used exclusively for technology.

7. All relevant records should be kept through July 1, ~~2007~~2011, or until audited.

B. Reporting Requirements:

1. Claims should be submitted to the Maryland Higher Education Commission's Director of Grants Finance Policy in the format requested (see Appendix B) in each of the fiscal years of the two eligible periods.

2. Eligible institutions must submit all required forms for the annual report of donations and pledges and anticipated revenue by the dates specified by the Maryland Higher Education Commission. The report of cash receipts and donations will be due within 120 days of the close of each fiscal year.

VI. State Match

Matching payments from funds appropriated by the State for any fiscal year will be prorated among eligible institutions, which have submitted valid claims of received eligible contributions.

1. Eligible contributions received in FY 2003 and reported to the Commission in FY 2004, will be State-Matched in FY 2005.

2. Eligible contributions received in FY 2004 and reported to the Commission in FY 2005, will be State-Matched in FY 2006.

3. Eligible contributions received in FY 2005 and reported to the Commission in FY 2006, will be State-Matched in FY 2007.

4. Eligible contributions received in FY 2006 and reported to the Commission in FY 2007, will be State-Matched in FY 2008.

VII. Guidance

1. The Commission's Director of Grants Finance Policy is authorized to provide, upon written request, guidance on any issue arising from the administration of this program.

2. Eligible institutions may appeal the Director's guidance determinations to the Secretary of Higher Education. All appeals must be submitted in writing within thirty (30) days of to the Director of Grants Finance Policy and contain detailed reasons that would justify reversal of the original decision, including all appropriate documentation. The Secretary will review each appeal and make a decision within sixty (60) days after receiving the appeal. Written notification will be provided. All decisions of the Secretary are final.

**Maryland Higher Education Commission's
Innovative Partnerships for Technology Program (IPT)
State-Matching Funds Allotment**

Eligible Institution	Community College Affiliation	Period I FY 2003- 2004	Period II FY 2005- 2006	Maximum State Share
Allegany	Allegany College of Maryland	\$150,000	\$150,000	\$300,000
Anne Arundel	Anne Arundel Community College	150,000	150,000	300,000
Baltimore City	Baltimore City Community College	150,000	150,000	300,000
La Plata	College of Southern Maryland	150,000	150,000	300,000
Leonardtown	College of Southern Maryland	150,000	150,000	300,000
Prince Frederick	College of Southern Maryland	150,000	150,000	300,000
Carroll	Carroll Community College	150,000	150,000	300,000
Catonsville	Community College of Baltimore Co.	150,000	150,000	300,000
Dundalk	Community College of Baltimore Co.	150,000	150,000	300,000
Essex	Community College of Baltimore Co.	150,000	150,000	300,000
Cecil	Cecil Community College	150,000	150,000	300,000
Chesapeake	Chesapeake College	150,000	150,000	300,000
Frederick	Frederick Community College	150,000	150,000	300,000
Garrett	Garrett College	150,000	150,000	300,000
Hagerstown	Hagerstown Community College	150,000	150,000	300,000
Harford	Harford Community College	150,000	150,000	300,000
Howard	Howard Community College	150,000	150,000	300,000
Germantown	Montgomery College	150,000	150,000	300,000
Rockville	Montgomery College	150,000	150,000	300,000
Takoma Park	Montgomery College	150,000	150,000	300,000
Prince George's	Prince George's Community College	150,000	150,000	300,000
Wor-Wic	Wor-Wic Community College	150,000	150,000	300,000
Net Totals		\$3,300,000	\$3,300,000	\$6,600,000

Note: In order to qualify for and participate in Period II State-matching funds, each eligible institution must meet the maximum donation goals of Period I.

**Guidelines for the Community Colleges’
Innovative Partnership for Technology (IPT) Program**

Frequently asked Questions (Q) and Answers (A)

Technology:

- Q. 1 Must the State’s matching funds be used exclusively for technology as defined in the law and guidelines?
- A. 1 Yes, all monies, the donor’s and State funds, must be used exclusively for technology.
- Q. 2 Are there examples of what is considered to be “technology”?
- A. 2 Technology needs generally cover instructional and administrative technology, intercampus networks and distance learning initiatives, technology support and campus technology infrastructure. For purposes of instructional, administrative, and research initiatives, institutions are looking toward expanded data networks and integrated networks for voice, video and data transmission. Institutions are creating intercampus links, synchronous transmission and enhancing traditional classrooms for multimedia applications and distributed learning or hyper learning models (stations for connections to Internet, databases, use of commercial products, etc.).

Some technology examples include:

Hardware/infrastructure/services: personal computers; T1 and ISDN lines; wiring; construction and renovation of classrooms for interactive or Internet connections; Codecs; whiteboards; faxes; video monitors and cameras; appropriate furniture; acoustics.; compressed video equipment; desktop video conferencing equipment; telecommuting facilities; video production equipment; satellite/microwave downlink and uplink equipment; digital satellite upgrades; studio broadcast facilities; PBX systems; local area networks; and conduits to connect buildings.

Software/services: digitizing library resources; purchase of digital databases and the array of educational/administrative software; online services (registration conversion, aid awards, tutoring, help desk ,etc.).

Training/development: conversion to computerized assessments; course development for online courses and/or other distance delivery (video, interactive, combinations); faculty/staff training in use of Internet; interactive classrooms; multimedia; video production; faculty training in instructional design and curriculum design for the student-centered distributed learning environment.

Q. 3 Can any piece or pieces of equipment be considered “technology”?

A. 3 The equipment must be in the possession of the eligible institution and comport to the definition of technology as noted in the law (Education Article, 16-317 (A)(9), Annotated Code of Maryland). Eligible institutions should consult the Director of ~~Grants~~ Finance Policy, Maryland Higher Education Commission, if an issue arises.

Q. 4 What are the parameters of a capital expenditure?

A. 4 Capital expenditures result in the acquisition of capital assets. A capital asset is defined as “any physical resource that benefits a program for more than one year”, and includes expenditures for land, buildings, improvements, equipment, and library books.

Q. 5 If a donor determines a piece of equipment to be “technology” and it does not fall within the guidelines for this program, can it still be included as a bona fide contribution?

A. 5 No, the equipment must meet the guidelines established by the Commission.

Eligible Periods:

Q. 6 When is an eligible contribution considered received?

A. 6 Any eligible contribution is considered received when the eligible institution has fiduciary or physical control of the asset. When received, it must be included in the report for the eligible period.

Q. 7 At what point in time is the contribution considered made to the college?

A. 7 The contribution is considered received and eligible when the eligible institution has control of the asset.

Q. 8 Are carry-overs from the first eligible period to the second eligible period permitted?

A. 8 No, the date a contribution is received governs. Pledges may be made to cover both eligible periods, but the actual date a donation is received governs the matching by the State.

Q. 9 If an eligible institution fails to generate the entire ~~\$200,000~~ \$150,000 in the first eligible period, will it receive a match for the amount generated?

- A. 9 Yes, the amount of eligible contributions received will be matched contingent on the availability of appropriated funds. The institution will not be eligible, however, for any matching funds during the second eligible period.
- Q.10 If an eligible institution receives money or equipment in support of this program after the second eligible period has passed, can those assets be applied retroactively for a State match?
- A. 10 No, all eligible contributions must be received within the eligible time frames noted in the guidelines.

Eligible Donor:

- Q. 11 If a foundation contributed money to a community college campus during the base year in order to pay for scholarship programs, should the amount of that contribution be included in the base year comparison?
- A. 11 The base year comparison should not include the foundation's base year contributions pursuant to its already existing legal or contractual obligations. This would include contributions the foundation was obligated to make to the community college campus for identified scholarship programs.
- Q. 12 If a foundation receives a contribution that is intended by the donor to be used to establish or contribute to a "technology endowment" for a community college, will State matching funds be provided under the IPT program?
- A. 12 The State will only match contributions received by a community college campus, not its affiliated foundation. To qualify for matching funds, the foundation must make a contribution to the community college campus, communicating to the college the original donor's intent. Consistent with Education Article, section 15-104(a)(1), Annotated Code of Maryland, the college should honor the original donor's intent by using the funds to establish a "technology endowment". This may be accomplished through the foundation so long as the provisions of Education Article, section 15-104(b)(4), Annotated Code of Maryland, are satisfied ("No funds shall be accepted from an affiliated foundation by a public institution of postsecondary education unless the fiscal affairs of the affiliated foundation are audited annually by an independent certified public accountant").
- Q. 13 Will community college foundations receive state matching payments for contributions received?
- A. 13 No, only eligible institutions (community college campuses) may receive matching state payments.

- Q. 14 Can community college foundations accept contributions for the IPT program?
- A. 14 Yes, however the foundation must transfer the contribution to the “eligible institution” during the “eligible period”. A foundation is then treated as the donor. The amount eligible for state matching is determined by comparison to the base year contribution of the foundation.
- Q. 15 If funds are given to the college’s foundation, with appropriate instructions to use these funds for technology, is it considered a gift from the foundation or the original donor?
- A. 15 When the funds are transferred to the institution by the foundation, the foundation is considered the donor. The foundation must specify that the donation be used for technology, consistent with the original donor’s intent.
- Q. 16 Can a donation be made to more than one eligible institution of the same community college?
- A. 16 Yes, a donation can be made to more than one eligible institution (community college campus) as long as the donor specifically notes it is for a particular campus and designates the gift for technology.
- Q. 17 A donor has contributed \$150,000 during one of the eligible periods, but has not specifically designated it for technology or for an eligible institution (community college campus), can it be applied by the eligible institution’s administration to the technology program.
- A. 17 Yes, the administration may declare the gift be used specifically for technology. To qualify for matching funds, however, the contribution must be designated for technology by the donor.
- Q. 18 If an undesignated contribution is received, does the institution have a responsibility to contact the donor and receive a designation that the contribution is for technology under this program.
- A. 18 Yes, the institution should request the donor specifically designate the gift for technology.
- Q. 19 What if it’s impossible to obtain a designation from the donor (i.e., gift from an estate or charitable contribution campaign)?
- A. 19 The eligible institution may then designate the gift for the technology program.

Q. 20 Can general contributions received by the institution be designated for the IPT program?

A. 20 Yes, the administration of an eligible institution may specify that such contributions may be designated to benefit the IPT program. For example, funds received from the United Charities campaign may be applied to the IPT program by the eligible institution. General contribution refers to any gift that may be received as a result of an open campaign to encourage support of an institution. The example given was the check off system used in the annual statewide charities campaign, whereby a donor just selects one or more charities that he/she wants their donation sent to, without a particular use of the funds specified.

Q. 21 Can an eligible donor make more than one contribution during an eligible period?

A. 21 Yes, donors may contribute as often as they choose.

Eligible Contribution Amounts:

Q. 22 Must an eligible institution receive the entire ~~\$200,000~~150,000 in the first eligibility period in order to participate in the second eligibility period for matching State payments?

A. 22 Yes, the entire ~~\$200,000~~150,000 of eligible contributions, must be received by the eligible institution in the first eligible period to qualify to participate in the second eligible period for another ~~\$200,000~~150,000 match.

Q. 23 Are base year comparisons necessary in the second eligible period?

A. 23 Yes, each donation must be compared to the base year record, and only amounts in excess of the base year donation qualify for the IPT program if they are designated for technology.

Q. 24 How much of a gift of \$150,000 from a donor whose base year contribution was \$100,000 is applicable to this program?

A. 24 \$50,000 is the eligible contribution for this program since the first \$100,000 equals the base year amount. The entire donation must be designated for technology.

Q. 25 If a donor whose base year contribution is \$100,000 donates another \$100,000 specifically designated for technology, is that amount eligible for this program?

A. 25 No, the amount although designated for technology, is not in excess of the donor's base year contribution.

Q. 26 A donor contributes \$160,000 for technology in the first eligible period; he had contributed \$100,000 during the base year, \$25,000 of which was in fulfillment of a prior year pledge, how much is the eligible contribution amount?

A. 26 \$85,000 is the eligible contribution that can be claimed as matching because:

(\$100,000)	Base year payment
<u>25,000</u>	Prior year pledge fulfillment
(\$ 75,000)	Base year contribution
<u>\$160,000</u>	Donation during eligibility period
\$ 85,000	Amount that can be claimed for state matching

Q. 27 If an institution receives \$300,000 from a new donor on June 30, ~~2000~~2003 what amounts can be used as an eligible contribution in the first and second periods?

A. 27 The eligible contribution for the first eligible period would be \$300,000; however, the State will only match up to the first ~~\$200,000~~\$150,000 received. There is no eligible contribution amount, \$0, for the second eligibility period, the funds were not received during the specified time frame. There is no provision for carry-over of excess donations from one eligibility period to the other.

Q. 28 Can a donor who contributed to the foundation in the base year, FY~~9802~~, contribute directly to the institution during the eligible period, and be considered a new donor? For example, Mr. Jones gave \$1,000 to the foundation in FY~~9802~~ and nothing directly to the community college in Fy~~9802~~; then in FY~~9903~~ Mr. Jones gave \$1,000 to the community college for the technology program, would that be considered an eligible contribution?

A. 28 Yes, the donor contributing directly to the community college for the first time in FY~~9903~~ would be considered a new donor. In the example, \$1,000 would be treated as an eligible contribution for State matching. Note, if Mr. Jones had given the \$1,000 to the foundation in FY~~9902~~, it would not represent an increase over the base year amount; therefore, it would not be an eligible contribution amount (zero).

Deferred Gifts and Non-Cash Contributions

Q. 29 Can personal services be considered a donation eligible for state matching? For example, a company provides technology equipment and personnel to install, maintain and train staff on usage.

A. 29 No, only monetary and equipment donations that can be assessed a value can be considered an eligible contribution for the technology program. Personal services are not eligible for State matching.

Q. 30 Are deferred gifts covered by the legislation?

A. 30 There is no reference to deferred gifts in the law. Eligible institutions should have control of the asset during the eligible period for it to be considered as an eligible contribution for this program.

Q. 31 How are Non-Cash Contributions valued?

A. 31 Non-cash contributions are valued at the amount, which is tax deductible per Internal Revenue Service regulations in force at the time of the donation. Under current provisions of the IRS Code, corporations that do not produce computer equipment may generally take a deduction equal only to their adjusted tax basis in the donated equipment. Institutions would also use that same amount as the value of received equipment. Eligible institutions should keep records of all valuations and the name and addresses of the evaluators and appraisers.

Q. 32 Can an institution refuse a donation for the IPT program?

A. 32 Yes, if an eligible institution determines that the cost to obtain a valuation of a gift or to maintain a gift is too costly, the donation may be refused, no state matching funds will be received. Alternately, the institution may accept the donation and elect not to report it for the purpose of securing matching funds.

Q. 33 If a corporate donor reduces the price of data processing equipment as a contribution to the college technology program, can that difference be treated as an eligible contribution. For example, the sale of 100 new computers was quoted to be \$75,000, but as a technology program contribution the corporation only requires payment of \$25,000, will the \$50,000 be eligible for state matching. The corporate donor had never made a contribution or sales price reduction to the institution before.

A. 33 Yes, the amount of \$50,000 could be treated as an eligible contribution. Written documentation from the corporate donor should be on file at the institution to support the donation and transaction.

Q. 34 In FY 9802 a corporation donated \$10,000 in cash to a community college, and in FY9903 it provided the college with a gift of 10 new Pentium computers. The fair market value of the computers is \$25,000, can this be treated as an eligible contribution.

A. 34 Yes, the amount of the eligible contribution would be \$15,000, the increase amount over the base year donation. Written documentation must be obtained of the fair market value of the donation and the condition, new, of the gift. The value of a non-cash contribution should be verified during the annual audit.

Q. 35 If a company is discarding used equipment, can it be considered an eligible contribution.

A. 35 Possibly, if an independent appraisal can be made of the equipment and the value exceeds the base year contribution amount of the donor. Equipment received should be in good condition and not require extensive modifications and upgrades to be useable by the institution. Extreme caution should be used by the institution in accepting used equipment that may cost more to upgrade and maintain than the purchase of new equipment. Also, the equipment should have a useful life comparable with other like assets of the company. The written independent appraisal value should be on file and available for audit. The Orion Computer Blue Book may be used to obtain a value for some computers.

Penalties:

Q. 36 Will an eligible institution be penalized if it fails to submit the required reports in a timely manner?

A. 36 Yes, reports must be filed in accordance with dates requested by MHEC to be considered for state matching.

Appendix A

HOUSE BILL 1237

Unofficial Copy
Session
F2

2002 Regular

(2lr1924)

ENROLLED BILL

-- Appropriations/Education, Health, and Environmental Affairs and Budget and Taxation --

Introduced by ~~Delegate Turner~~ Delegates Turner, Proctor, D'Amato, V. Jones,
Hubers, Stocksdaile, and Kagan

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Higher Education - Community Colleges - Innovative Partnerships for**
3 **Technology Program**

4 FOR the purpose of extending the Innovative Partnerships for Technology Program
5 for State community colleges for a certain number of years; altering the
6 institutions eligible under the program; requiring the State to make certain
7 payments to community colleges with respect to certain contributions made by
8 eligible donors before certain dates; modifying the definition of a certain term;
9 and generally relating to community colleges and higher education.

10 BY repealing and reenacting, with amendments,
11 Article - Education
12 Section 16-317
13 Annotated Code of Maryland
14 (2001 Replacement Volume)

HOUSE BILL 1237

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Education**

4 16-317.

5 (a) (1) In this section the following words have the meanings indicated.

6 (2) "Base year" means [July 1, 1997] JULY 1, 2001 through [June 30,
7 1998] ~~JULY 1~~ JUNE 30, 2002.

8 (3) "Contribution" means monetary and equipment donations that have
9 been assessed a monetary value amount for the purposes of determining the State
10 payment.

11 (4) (i) "Eligible donor" means any individual, corporation,
12 partnership, or other form of business organization, public or private foundation, or
13 other nonprofit organization.

14 (ii) "Eligible donor" does not include a local government, the State,
15 the federal government, or any foreign government.

16 (5) "Eligible institution" refers to the following community college
17 campuses:

- 18 (i) Allegany;
- 19 (ii) Anne Arundel;
- 20 (iii) Baltimore City;
- 21 (iv) ~~Calvert~~;
- 22 (v) Carroll;
- 23 (vi) ~~(V)~~ Catonsville;
- 24 (vii) ~~(VI)~~ Cecil;
- 25 (viii) ~~Charles~~;
- 26 (ix) ~~(VII)~~ Chesapeake;
- 27 (x) ~~(VIII)~~ Dundalk;
- 28 (xi) ~~(IX)~~ Essex;
- 29 (xii) ~~(X)~~ Frederick;
- 30 (xiii) ~~(XI)~~ Garrett;

HOUSE BILL 1237

- 1 ~~(xiv)~~ (XII) Germantown;
2 ~~(xv)~~ (XIII) Hagerstown;
3 ~~(xvi)~~ (XIV) Harford;
4 ~~(xvii)~~ (XV) Howard;
5 (XVI) LA PLATA;
6 (XVII) LEONARDTOWN;
7 (XVIII) PRINCE FREDERICK;
8 ~~(xviii)~~ (XIX) Prince George's;
9 ~~(xix)~~ (XX) Rockville;
10 ~~(xx)~~ St. Mary's;
11 (xxi) Takoma Park; and
12 (xxii) Wor-Wic.

13 (6) "Eligible program" means any contribution for technology which does
14 not contain unreasonable restrictions as to use as further defined by the Maryland
15 Higher Education Commission.

16 (7) "First eligible period" means fiscal years [1999] 2003 and [2000]
17 2004.

18 (8) "Second eligible period" means fiscal years [2001] 2005 and [2002]
19 2006.

20 (9) (i) "Technology" means the hardware, software, communications
21 infrastructure, and associated training and contracted services that enable local or
22 global presentation, exchange, and transmission of information in digital or analog
23 form for teaching, learning, student support services, and administration.

24 (ii) "Technology" may include capital expenditures.

25 (iii) "Technology" does not include staff.

HOUSE BILL 1237

1 (b) (1) Each eligible institution shall receive from the State, in the manner
2 and subject to the limitations of this section, with respect to the contributions made
3 by eligible donors as voluntary donations at any time during the first eligible period
4 to the eligible institution for eligible programs, an amount equal to the first \$200,000
5 or any portion thereof from contributions by eligible donors.

6 (2) If an eligible institution qualifies for the maximum State
7 contribution of ~~\$200,000~~ ~~\$100,000~~ \$150,000 in the first eligible period, the eligible
8 institution shall receive from the State, in the manner and subject to the limitations
9 of this section, with respect to the contributions made by eligible donors as voluntary
10 donations at any time during the second eligible period to the eligible institution for
11 eligible programs, an amount equal to the first ~~\$200,000~~ ~~\$100,000~~ \$150,000 or any
12 portion thereof from contributions by eligible donors.

13 (c) Payments shall be made by the State:

14 (1) In the first eligible period, only with respect to contributions which
15 are paid by the eligible donors to the eligible institution before [July 1, 2000] JULY 1,
16 2004;

17 (2) In the second eligible period, only with respect to contributions which
18 are paid by the eligible donors to the eligible institution before [July 1, 2002] JULY 1,
19 2006; and

20 (3) In the second fiscal year following the fiscal year during which the
21 contributions are made.

22 (d) Contributions made by the State under this section may not exceed
23 ~~\$200,000~~ ~~\$100,000~~ \$150,000 during each eligible period to each eligible institution.

24 (e) (1) To determine eligibility for State payments, each contribution shall
25 be compared to the amount contributed during the base year. The following criteria
26 shall be the basis for comparison:

27 (i) Each contribution must be from a new donor; or

28 (ii) Each contribution must represent an increase over the amount
29 contributed by the donor during the base year.

30 (2) A contribution received during the base year that fulfills a pledge
31 made prior to the base year may not be included in the determination of the
32 contribution made during the base year.

1 (3) Each contribution must be specifically designated for technology.

2 (f) Contributions made by the State under this section may be applied to any
3 eligible technology expense at an eligible institution to which the payment is made.

4 (g) Contributions made by the State to any eligible institution under this
5 section may not directly or indirectly reduce the State General Fund or capital fund
6 support for the eligible institution.

7 (h) The Maryland Higher Education Commission shall:

8 (1) Adopt regulations necessary for the administration of this section;
9 and

10 (2) Submit to the Governor and, in accordance with § 2-1246 of the State
11 Government Article, to the General Assembly an annual report summarizing the total
12 amount of funds pledged by eligible donors and total amount of funds raised.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2002.

Appendix B

Form B – 1

Date Due: Draft Due July 15

Final Due October 31

**COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIPS FOR TECHNOLOGY (IPT) PROGRAM**

Donations

Fiscal Year 20____

Period: July 1, 20 – June 30, 20

Eligible Institution: _____

Total Amount Received: \$ _____

Received the following donations designated for technology

*Indicate Appraiser – (A) Donor (B) College, or (C) Independent Evaluator

Donor	<i>Pledge Amount</i>	<i>Cash Received</i>	<i>Equipment*</i>	<i>Other</i>	<i>Total</i>
Individuals:	\$	\$	\$	\$	\$
Private Sector (Business, etc):					
Foundations:					
Other:					
TOTAL:					

We certify that the information presented above is correct:

Chief Development Officer, Signature _____ Typed Name _____ Date _____

Chief Financial Officer, Signature _____ Typed Name _____ Date _____

Contact for questions:

Name: _____

Title: _____

Phone: _____

E-mail: _____

Form: B -2

Date Due: Draft Due July 15

Final Due October 31

COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIPS FOR TECHNOLOGY (IPT) PROGRAM

Foundation Transfer Form

Fiscal Year 20__

For the period July 1, 20__ – June 30, 20__

The following amounts were transferred from the foundation of _____
Community College specifically for advancing technology initiatives of _____

"Eligible Institution"

Category	Amount	Date
Cash:	\$	
Equipment (list):		
Other:		
TOTAL:	\$	

\$ _____ was given to the _____
Amount Eligible Institution

during the period July 1, 19972001 – June 30, 19982002 (Base Year)

We certify that the information presented above is correct:

Chief Development Officer, Signature Typed Name Date

Chief Financial Officer, Signature Typed Name Date

Foundation Chief Financial Officer, Signature Typed Name Date

Form: B -3

Date Due: Draft Due July 15

Final Due October 31

**COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIPS FOR TECHNOLOGY (IPT) PROGRAM**

Projections of Pledges

Fiscal Year 20____
Period: July 1, 20____ - June 30, 20____

Eligible Institution _____ projects monetary and equipment
Pledges of \$ _____

We estimated the following:

Number of Donors	Prior Year Pledges Uncollected	Current Year Pledges Uncollected	Equipment	Other	Total

Use additional sheets if necessary

We certify that the information presented above is correct:

Chief Development Officer, Signature

Typed Name

Date

Chief Financial Officer, Signature

Typed Name

Date

Form: B- 4

Date Due: Draft Due July 15

Final Due October 31

**COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIP FOR TECHNOLOGY (IPT) PROGRAM**

Technology Program Expenditures

Fiscal Year 20__

Period: July 1, 20 – June 30, 20

The following expenditures were made with funds (public, private, local and state) received in support of the technology program at _____ .
name of eligible institution

Equipment	\$
Student Support	
Capital Expenses	
Other	
Total	\$

Note: A computer generated printout maybe attached to support amounts.

We certify that the information presented above is correct.

Chief Development Officer, Signature	Typed Name	Date
--------------------------------------	------------	------

Chief Financial Officer, Signature	Typed Name	Date
------------------------------------	------------	------

Form: B- 5
Date Due: Draft Due July 15
Final Due October 31

**COMMUNITY COLLEGES'
INNOVATIVE PARTNERSHIPS FOR TECHNOLOGY (IPT) PROGRAM**

Independent Certification Form

Institution: _____

Eligible donations and State matching funds must be kept in a separately identified account.

	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Donor Funds							
State Matching Funds	N/A						

“Eligible donations and matching State payments have been placed in a separately identified account and its use is restricted solely for technology expenditures as specified by the Maryland Higher Education Commission.”

The above information regarding donations and grant receipts agrees with records of

(State Institution or Foundation)

If it does not, please note any exceptions below:

Independent Auditor: _____

Signature: _____

Date: _____



MHEC

Creating a state of achievement

Parris N. Glendening
Governor

Kathleen Kennedy Townsend
Lt. Governor

John J. Oliver, Jr.
Chairman

Karen R. Johnson
Secretary of Higher Education

MEMORANDUM

DATE: August 8, 2002

TO: Finance Policy Committee

FROM: Karen R. Johnson, J.D. *[Signature]* **Staff:** Monica E. Randall

SUBJECT: Guideline Revisions for the Private Donation Incentive Program

The Private Donation Incentive Program (PDIP) provides State-matching funds to promote private fundraising within Maryland's public colleges and universities and to encourage public institutions of higher education to increase the public's level of gifts and donations to the institution's endowments. During the 2002 Maryland Legislative Session, the General Assembly passed legislation that increased to \$1.25 million the maximum State match for eligible donations made to the University of Maryland Baltimore County. The enhanced State match applies to private donations pledged on or after July 1, 2001.

In May 2002, the Department of Budget and Management (DBM) completed an audit of the PDIP and recommended revisions to the current guidelines. Based on DBM's recommendations, the Commission will now require all institutions to submit all forms before receiving a State match. This will ensure funds requested by the institutions can be verified before the budget submission deadline. Institutions that are unable to submit all documentation by the November 1 deadline will not be eligible for a State match until the subsequent fiscal period. In addition, the guidelines have been revised to include instructions for completing the forms.

The attached guidelines reflect the legislation passed by the 2002 Maryland General Assembly and the recommendations made by the Department of Budget and Management.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve the guideline revisions for the Private Donation Incentive Program and forward this recommendation to the Commission.

GUIDELINES FOR THE PRIVATE DONATION INCENTIVE PROGRAM

DIVISION OF FINANCE POLICY

John J. Oliver, Jr.
Chair

Karen R. Johnson, J.D.
Secretary

Revised: August 2002

GUIDELINES FOR THE PRIVATE DONATION INCENTIVE PROGRAM

A. AUTHORITY

Education Article, Title 17 (Financial Aid to Institutions of Higher Education), Subtitle 3 (Private Donation Incentive Program), Section 17-301. Annotated Code of Maryland.

B. PURPOSE

To encourage public institutions of higher education to increase the level of private contributions to their endowments, the State will match eligible contributions from eligible donors to public institutions of higher education or their affiliated foundations.

C. ELIGIBLE INSTITUTIONS AND MAXIMUM STATE MATCHING FUNDS

The following is the list of institutions eligible to participate in this program and the maximum State matching funds for which they are eligible during the lifetime of the Private Donation Incentive Program.

Community College Campuses

Allegany College of Maryland	\$ 250,000
Anne Arundel Community College	\$ 250,000
Baltimore City Community College	\$ 250,000
Carroll Community College	\$ 250,000
Cecil Community College	\$ 250,000
Chesapeake College	\$ 250,000
College of Southern Maryland:	
Calvert Campus <u>LaPlata</u>	\$ 250,000
Charles Campus <u>Leonardtwn</u>	\$ 250,000
St. Mary's Campus <u>Prince Frederick</u>	\$ 250,000
Community College of Baltimore County:	
Catonsville Campus	\$ 250,000
Dundalk Campus	\$ 250,000
Essex Campus	\$ 250,000
Frederick Community College	\$ 250,000
Garrett Community College	\$ 250,000
Hagerstown Community College	\$ 250,000
Harford Community College	\$ 250,000
Howard Community College	\$ 250,000
Montgomery College:	

	Germantown Campus	\$ 250,000	
	Rockville Campus	\$ 250,000	
	Takoma Park Campus	\$ 250,000	
	Prince George's Community College	\$ 250,000	
	Wor-Wic Community College	\$ 250,000	
<i>HBCU's</i>			
	Morgan State University	\$ 1,500,000	
	Bowie State University	\$ 1,500,000	
	Coppin State College	\$ 1,500,000	
	University of Maryland Eastern Shore	\$ 1,500,000	
<i>Four-Year Institutions</i>			
	Frostburg State University	\$ 750,000	
	Salisbury State University	\$ 750,000	
	St. Mary's College of Maryland	\$ 750,000	
	Towson University	\$ 750,000	
	University of Baltimore	\$ 750,000	
	University of Maryland University College	\$ 750,000	
	University of Maryland Baltimore County	\$ 750,000	
<i>Research Institutions</i>			
	University of Maryland, Baltimore	\$ 1,250,000	
	<u>University of Maryland Baltimore County</u>	<u>\$ 1,250,000</u>	
	University of Maryland, College Park	\$ 1,250,000	
	<i>Total Maximum State Matching</i>	<u>\$19,250,000</u>	
		<u>\$19,750,000</u>	

D. MATCHING RATIOS

1. For the first \$250,000, or any portion thereof, the State will provide one dollar for each dollar donated.
2. For the next \$1,000,000, or any portion thereof, the State will provide one dollar for every two dollars donated.
3. For the next \$1,500,000, or any portion thereof, the State will provide one dollar for every three dollars donated.
4. Starting July 1, 2001, the matching formula changed for the named HBCU's. For donations made to the HBCU's after July 1, 2001, the State will match the first \$ 250,000 on a 2:1 basis and the next \$ 1 million, on a 1:1 basis.
4. No eligible institution shall receive more than the maximum prescribed in Section C.

E. DEFINITIONS

1. **Affiliated Foundation.** A foundation is eligible to receive contributions under this specific program if:
 - a. It is an affiliated foundation within the meaning of that term in Section 15-104 of the Education Article of the Annotated Code of Maryland;
 - b. It has been approved by the appropriate governing board to be operated as an affiliated foundation; and
 - c. Its fiscal affairs are audited annually by an independent certified public accountant.

If a foundation is affiliated with more than one eligible institution, it should segregate contributions received under this program into endowments dedicated to the specific eligible institution for which the contribution was designated.

2. **Eligible Donor.** An eligible donor is any individual, corporation, partnership, or other form of business organization, public or private foundation (other than those eligible to participate in this program), or other nonprofit organization. Eligible donors do not include the State, any of its subdivisions, the federal government or any foreign government.
3. **Eligible Contribution.** An eligible contribution is:
 - a. Specifically designated as an endowment from an eligible donor for an eligible program.
 - b. Specifically designated to benefit one eligible institution.
 - c. Pledged during the period July 1, 1998 through June 30, 2004 and **paid** prior to July 1, 2004.
 - d. May be used for only one matching State program.
4. **Endowment.** An endowment is any contribution or gift that has been provided under the condition that the principal remain intact and be invested in perpetuity for the purpose of producing income.
5. **Eligible Program.** An eligible program is any endowment for an academic purpose, which does not contain unreasonable restrictions as to use. The endowment should support activities consistent with the accepted role and approved mission of the institution. Priority should be given to seeking endowment contributions, which enhance the primary functions of the institution, i.e., instruction, research, and public service, including scholarships for students. Please note that an eligible program does not include any endowment that supports intercollegiate athletic programs.

F. BASE YEAR

1. The base year period begins in July 1, 1997 and ends June 30, 1998 (fiscal year 1998). Payments made during the base year fulfilling pledges made prior to July 1, 1997 are not included in the determination of the amount donated during the base year. ~~Pledges made during the base year are included in the determination of the amount donated during the base year.~~
2. Eligible institutions and their affiliated foundations shall prepare and maintain for audit purposes a comprehensive list of contributors and the amounts contributed by each for the period of July 1, 1997 through June 30, 1998, the base year.

G. AMOUNT ELIGIBLE FOR STATE MATCH

Subject to the limitations prescribed in Sections C. and D., and if all other criteria are met, the State will match:

1. The full amount contributed by a donor who did not contribute to the institution, its affiliated foundation(s) or its endowment(s) during the base year; July 1, 1997 - June 30, 1998.
2. The increase in the amount given by a donor over the amount given by the donor to the institution, its affiliated foundation(s) or its endowment(s) during the base year, July 1, 1997 - June 30, 1998.

H. NON-CASH CONTRIBUTIONS AND DEFERRED GIFTS

Non-cash contributions will be valued at the amount which is tax-deductible as determined in accordance to the Internal Revenue Service Regulations. A deferred gift wherein actual funds may not be received for many years, may be eligible (to the extent that it meets the stipulations set forth in E. and G.), if the institution receiving the gift (or its affiliated foundation) has control of the asset. Payment must be received by June 30, 2004.

I. RECORD KEEPING AND AUDIT REQUIREMENTS

Satisfactory documentation that a donation was for an endowment and to a particular institution includes but is not limited to: deeds of gifts; bequests; testamentary instruments; individual letters from donors or their designees; membership or alumni solicitation mailings; newsletters; public notices regarding contributions, admission fees, or gift shop sales; posters or other publicity for fundraising events; scripts for telethons or for radio, television or telephone solicitations; or other written documentation that is retained by the receiving institution and provides positive evidence of donative's intent. Eligible institutions and affiliated foundations receiving State payments under this

program shall provide the Maryland Higher Education Commission two copies of an annual audit of all **disbursements**, pledged and paid amounts and sources. The Commission will provide one copy of the annual audit to the Legislative Auditor. The Commission must receive an annual independent certification as to the eligibility of claimed donations. This statement may be included within the audit report.

J. PROCEDURES FOR CLAIMING STATE MATCHING FUNDS

Claims may be submitted annually to the Secretary of Higher Education by the president of an eligible institution. The Maryland Higher Education Commission must receive claims for contributions received during any fiscal year by November 1 of the following fiscal year. Funds appropriated for this program for any fiscal year will be prorated proportionally among eligible institutions that have submitted valid claims of paid eligible contributions.

K. PAYMENTS

1. Amounts paid by the State under this program may be applied to any eligible program at the eligible institution to which the payment is made.

L. NON-REGULATORY GUIDANCE

1. The Commission's Director of ~~Grants~~ Finance Policy is authorized to provide, upon written request, guidance on any issue arising from the administration of this program.
2. Eligible institutions may appeal the Director's guidance determinations to the Secretary of Higher Education. All appeals must be submitted in writing within thirty (30) days of the Directors of ~~Grants~~ Finance Policy's notice and contain detailed reasons that would justify reversal of the original decision, including all appropriate documentation. The Secretary will review each appeal and make a decision within sixty (60) days after receiving the appeal. Written notification will be provided. All decisions of the Secretary are final.

EXAMPLES OF CALCULATIONS FOR STATE MATCH

Example 1:

John Doe contributed \$1,000 during the base year (July 1, 1997 - June 30, 1998). He contributed \$1,000 in July 1998, **MATCH:** There would be no State match since his contribution in July 1998 was not an increase over his contribution during the base year.

Example 2: Jane Doe contributed \$1,000 during the base year. She contributed \$1,500 in July 1998.

MATCH: The State would match \$500 since her contribution in July, 1998 was a \$500 increase over her contribution in the base year. Jane Doe contributed \$1,000 in July 1999.

MATCH: The State would not provide any match for this contribution, as it did not exceed the base year contribution.

Example 3:

John Doe pledged \$1,500 in May 1998 to be paid over the next three years. In July 1998 he contributed \$1,500, \$500 as the first installment of his May 1998 pledge, and \$1,000 as an additional contribution

MATCH: The State would match \$1,000.

Instructions for Completing Required Forms

Please note that draft forms are due to MHEC on or before July 15, identifying preliminary eligible matching funds. The final, audited forms are due no later than November 1.

- 1.) Certification Statement Form is a self-explanatory form outlining certification of eligible matches, foundation deposits and contribution requirements. This form is signed by institution officials and certifies the cash donation amount being claimed.
- 2.) Form 1 is a detailed breakdown of the endowment information of eligible matching funds shown on the certification statement along with personal information for the contact person. This form identifies the endowment name, amount of donation, and purpose for which matching State funds are claimed. The donation amount should match the amount listed on the Certification Statement.
- 3.) Form 2 is a detailed breakdown of the endowment information of actual State matching funds allowed and paid under this program. This form identifies the endowment name, amount of donation, and purpose, and where the State matching funds will be distributed.
- 4.) Form 3 is the itemized breakdown of eligible matching funds by donor category from the amount shown on the certification statement. This form lists the categories of donors, the number of donors, and the amount donated. The amount on this form must match the amount on the Certification Statement.
- 5.) Form 4 is the payee designation form. It provides the Commission with the information necessary to forward any matching claim to the institution or foundation.
- 6.) Form 5 is the independent auditor certification form verifying eligible donations and State matching funds. This form lists the donor funds and State matching funds for each applicable year. The independent auditor must certify that the eligible donations and State matching payments have been placed in an endowment fund.

**PRIVATE DONATION INCENTIVE PROGRAM
CERTIFICATION STATEMENT FOR**

(Name of the Institution)

We certify that during Fiscal Year (July 1, through June 30,)

_____ has received _____
(Name of Institution) (Dollar Amount)

and _____ has received _____
(Name of Affiliated Foundation)

_____ for a total of _____
(Dollar Amount) (Dollar Amount)

in contributions which meet the requirements of the Private Donation Incentive Program as described in Title 17, Subtitle 3, Sections 17-301 through 17-306 of the Education Article of the Annotated Code of Maryland, the Maryland Higher Education Commission Guidelines for the Private Donation Incentive Program, and all non-regulatory guidance issued by the Secretary of Higher Education.

Specifically, we certify that:

1. The total dollar amount being certified and for which matching State funds are being claimed are actual donations, not pledges.
2. The affiliated foundation is within the meaning of that term as defined in Section 15-104 of the Education Article of the Annotated Code of Maryland, is approved by the appropriate institutional governing board to operate as an affiliated foundation, and has its fiscal affairs audited annually by an independent certified public accountant.
3. All contributions for which matching State funds are claimed have been made to support this institution and have been specifically designated by the donor for endowments as defined in Section E of the Maryland Higher Education Commission Guidelines for the Private Donation Incentive Program.
4. All contributions are from donors who did not contribute during the base year, July 1, 1997 through June 30, 1998 or represent increases by the donors from the contributions made during the base year.

5. All contributions have been made under the condition that the principal of each endowment will remain intact and will be invested in perpetuity for the purpose of producing income.
6. Income from all endowments, which will receive funds under this program, will be used solely for academic purposes that are consistent with the role and mission of the institution as approved by the Maryland Higher Education Commission.
7. All contributions made to a foundation affiliated with more than one institution were for endowments to support this specific institution.
8. No endowment, which is to receive matching State funds under this program, supports intercollegiate athletic programs or athletic scholarships.
9. All matching State funds received through the Private Donation Incentive Program will be assigned to eligible endowments as defined in Section E of the Maryland Higher Education Commission Guidelines to support this institution.

We further certify that the accompanying endowment and donor information forms are to our best knowledge true and correct.

President of the Institution (Signature)

(Typed Name)

Chief Development Officer (Signature)

(Typed Name)

Chief Financial Officer/Comptroller of the
Institution* (Signature)

(Typed Name)

Chief Executive Officer (Signature)
of the Affiliated Foundation**

(Typed Name)

Treasurer of the Affiliated (Signature)

(Typed Name)

Foundation**

*Necessary only if some contributions were donated to the institution.

**Necessary only if some contributions were donated to an affiliated foundation.

PRIVATE DONATION INCENTIVE PROGRAM
FY __ ELIGIBLE ENDOWMENT INFORMATION FUNDS

Institution: _____

List all endowments toward which contributions have been made and for which matching State funds are claimed.

Name of Endowment	Amount*	Purpose

Total: (Should equal \$ amount \$ _____
in Certification Statement)

***Please round all figures to the nearest dollar**

Question or comments regarding this submission should be directed to:

Name: _____
Title: _____
Address: _____
Phone #: _____
E-mail: _____

**PRIVATE DONATION INCENTIVE PROGRAM
FY ____ STATE-MATCHING ENDOWMENT INFORMATION FUNDS**

Institution: _____

State matching funds will be distributed as follows:

Name of Endowment	Amount*	Purpose

*Please round all figures to the nearest dollar.

PRIVATE DONATION INCENTIVE PROGRAM
FY __ ELIGIBLE ENDOWMENT INFORMATION FUNDS BY CATEGORY

Institution: _____

Using the categories below, tally the donors for whose contributions matching State funds are claimed.

Categories of Donors	Total Number of Donors	Total Amount Donated by These Donors
Alumni**		\$
Parents**		
Trustees/Employees**		
Other Individuals		

Unduplicated Count of Persons		
Foundation		
Corporations/Businesses		
Religious Organizations		
Fund-raising Consortia		
Other Organizations		
Totals		

* Please round all figures to the nearest dollar.

** Individual donors and their contributions should be included in each of the categories.

*** The sum of these totals should agree with the amount on the Certification Statement and Endowment Information Form - 1.

**PRIVATE DONATION INCENTIVE PROGRAM
FY __ PAYEE DESIGNATION FORM**

State Matching Payments may be made to each public sector, higher education institution or its affiliated foundation.

Payments of FY__ funds are to be disbursed to: (check only one)

_____ Institution _____ Foundation

Check Payable to: _____

Complete Mailing Address:

Employer I.D.: _____

If four-year institution designated, payment must be processed through the State Comptroller.

RSTARS Codes: Agency: _____ Program: _____ Fund: _____

Transaction Code: _____

Copy of RSTARS transmittal interface information should be sent to:

**PRIVATE DONATION INCENTIVE PROGRAM
INDEPENDENT CERTIFICATION**

Institution: _____

**Eligible Actual Donations and State Matching Funds Placed in Endowment
Accounts:**

**Eligible Actual Donations and State Matching Funds
Placed in Endowments Accounts**

	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Donor Funds							
State Matching Funds	N/A						

“Eligible donations and matching State payments have been placed in an endowment fund restricted to academic purposes and that disbursement from these accounts have been made in accordance with the provisions of the endowment.”

The above information regarding donations and grant receipts agrees with records of

(State Institution or Foundation)

If it does not, please note any exceptions below:

Independent Auditor: _____

Signature: _____

Date: _____

